UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WISCONSIN

UNITED STATES OF AMERICA,

Plaintiff,

v.

Case No. 22-CR-
[18 U.S.C. § 371]

JEFFREY P. MILKIE,
RICHARD J. MILKIE, and
RICHARD W. PIGNOTTI,

Defendants.

INFORMATION

THE UNITED STATES ATTORNEY CHARGES THAT:

1. Beginning by at least January 2014, and continuing until at least April 2018, in the State and Eastern District of Wisconsin, and elsewhere,

JEFFREY P. MILKIE,
RICHARD J. MILKIE, and
RICHARD W. PIGNOTTI,

referred to herein collectively as "the defendants," knowingly conspired with each other to defraud the United States for the purpose of impeding, impairing, obstructing, and defeating the lawful government functions of the Internal Revenue Service ("IRS") of the U.S. Treasury Department in the ascertainment, computation, assessment, and collection of the revenue, namely federal income taxes derived from the profits of a business operated by the defendants.

2. At all times relevant:

a. Jeffrey P. Milkie resided in Kenosha, Wisconsin.

b. Richard J. Milkie was the brother of Jeffrey P. Milkie and resided in Kenosha, Wisconsin.

c. Richard W. Pignotti was the brother-in-law of Jeffrey P. and Richard J. Milkie and resided in Kenosha, Wisconsin.

d. Together, Jeffrey P. Milkie, Richard J. Milkie, and Richard W. Pignotti were equal co-owners and co-operators of Dick's Roof Repair Service, Inc. ("DRRS"), located in Kenosha, Wisconsin.

3. Under federal tax law, owners of businesses such as DRRS are required to pay federal income taxes based on the business' total gross receipts, minus expenses, as listed on their personal and corporate tax returns. To enable accurate calculation of this tax, an owner of such a business is required to report all gross receipts of the owner's share of the business to the Internal Revenue Service (IRS) in annual personal tax returns, with the tax calculated according to a taxpayer's ownership share of the business.

4. The personal tax returns of such business owners, containing financial figures and tax calculations based on company financial records, must be filed in April following the end of the year in question.

Manner and means of conspiracy

5. The defendants used the following manner and means, among others, to accomplish the goals of their conspiracy:

a. The defendants skimmed money in the form of checks from DRRS customers in payment for services rendered made out to them personally and did not deposit these skimmed checks into the company's bank account. Instead, the defendants deposited the skimmed funds into their personal bank accounts.

b. The defendants kept the DRSS business financial records in a QuickBooks computer program, to which each defendant had access and which each defendant made business-related financial entries. The defendants did not record all the gross receipts of DRRS in the company's QuickBooks records, but only those which they deposited into the DRRS business bank account.

c. To divert business receipts to their own use, the defendants provided incomplete records to DRRS's outside accountant without disclosing that the records did not contain all gross receipts. As a result, the accountant prepared tax returns which understated the gross receipts of DRRS and the defendants' associated tax obligations.

d. The defendants used money skimmed from DRRS and not reported on their tax returns to fund their personal investment accounts.

<u>Acts in furtherance of the conspiracy</u>

6. The defendants, and others acting on their behalf and at their direction, performed the following acts to accomplish the goals of the conspiracy:

a. For the calendar years 2015, 2016, and 2017, the defendants filed false personal income tax returns (Form 1040) and false corporate tax returns (Form 1120-S) with the IRS that failed to report substantial income they received from their operation of DRRS and the associated taxes on that income.

All in violation of Title 18, United States Code, Section 371.

for RICHARD G. FROHLING
United States Attorney

Dated: 3/29/2022